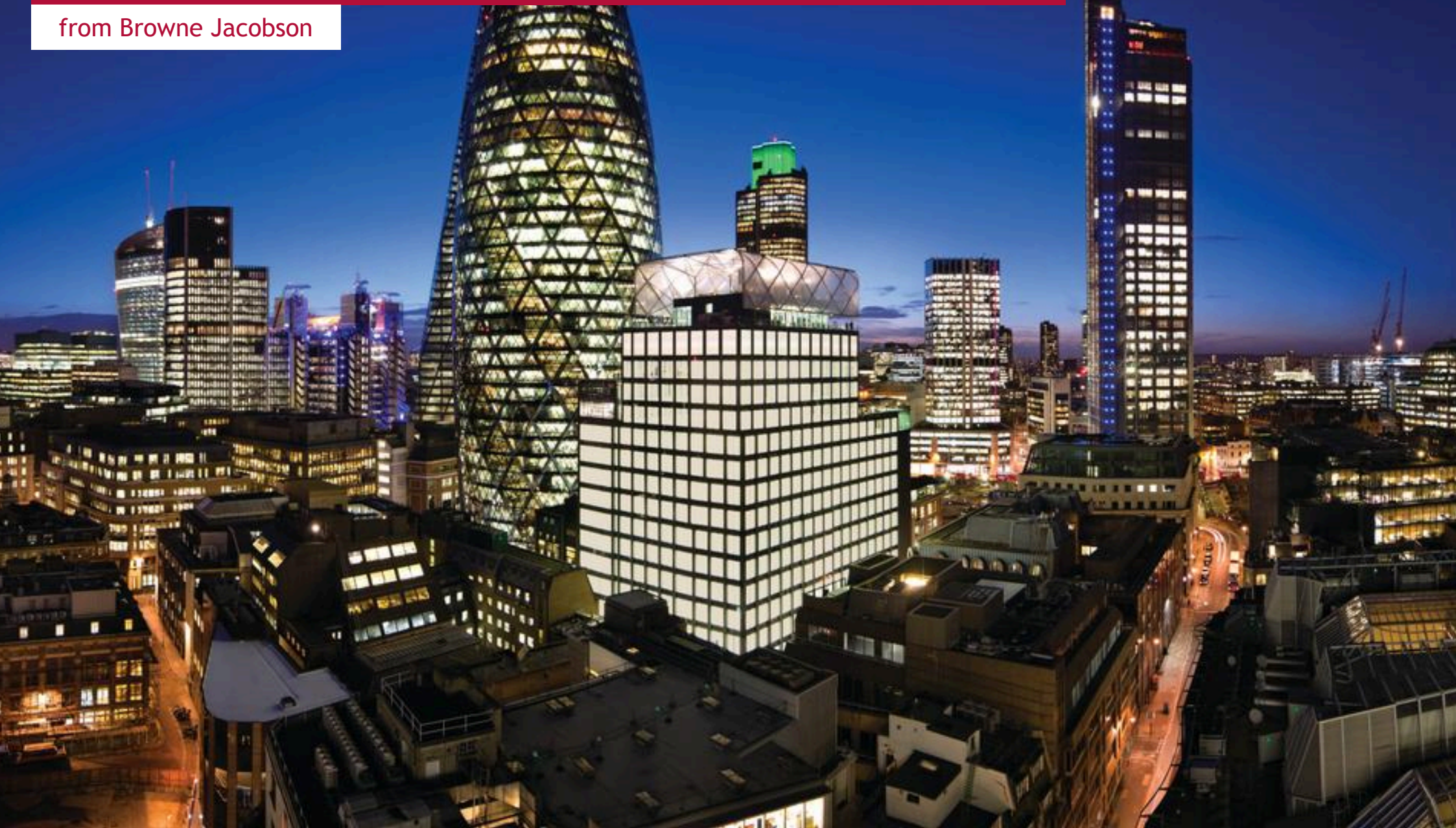


insurance policy drafting services

from Browne Jacobson



introduction



Introduction

We understand the importance of clearly drafted, user-friendly policies for all market participants. Even a small oversight in a policy wording can result in substantial losses for insurers, poor client service and regulatory intervention. For brokers and their clients, it is essential to protect against unexpected outcomes by ensuring policies are clear, unambiguous and that they meet the specific needs of the policyholder.

Unlike many of our competitors, we have put together a specialist team of lawyers who dedicate most or all of their professional time to the development of policy documents, endorsements and other associated products and documentation for insurers, intermediaries and policyholders. Our experienced team advise on and draft policy wordings and associated documents in all categories of insurance business, including marine, cyber, professional and management liability and private client. We are routinely involved in the development of bespoke wordings for intermediary-led schemes in a wide range of sectors, including sports associations and governing bodies, celebrity media protection and even bee-keepers' liability schemes! We also draft over 1,500 bespoke policy endorsements a year through our outsourced endorsement drafting service (through which we have already drafted over 7,500 bespoke policy endorsements).

Our drafting products and services provide a cost effective solution to

ensure policies respond in the way that underwriters and brokers intend, whilst minimising the risk of regulatory intervention, unintended consequences and customer detriment. We offer a range of solutions from a simple health check of existing wordings through to fully outsourced endorsement drafting, and can tailor our products and packages to suit your individual needs.

In addition to our technical expertise, I am confident we can provide you with unmatched levels of client service. We are proud to be the first law firm in England to be awarded the maximum 3 stars by Investors in Clients and we recently won the Law Society Excellence in Client Service award in recognition of commitment to delivering exceptional client service.

If you would like to discuss our products and services in more detail, please do get in touch.



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our experience



Our experience

Our clients - we act for London market and retail insurers, Lloyd's syndicates, niche and specialty insurers, MGAs, brokers and broker networks.

Our team - we specialise in policy construction, drafting and keeping clients abreast of the latest legal and market developments.

Extensive experience - we have reviewed or updated well over 1,500 policy wordings, ranging from commercial combined policies to complex scheme products. We also advise in complex coverage and policy interpretation disputes; experience we bring to our policy drafting.

Unrivalled service - we are able to provide our wordings clients with unparalleled service, including dedicated email addresses and telephone numbers, monitored by our Wordings Technician to ensure one consistent point of contact.

Fully flexible service - we provide everything from a simple policy health check to a fully project managed creation of a new product suite, including our outsourced endorsement drafting service.

Plain English accredited - your policy is an extension of your brand, and with our attention to detail we can tailor policies to your style guidelines

and use of language.

Compliance - we understand the need for policy wordings, together with pre-contractual documentation and marketing materials, to comply with stringent regulatory requirements and TCF principles.

What an amazing effort and outcome. Thank you for dropping what you were working on and jumping on this for us...it will make a massive difference to our customer.

Chief Underwriting Officer, London market insurer (after instructing us to update 13 policy wordings and corresponding Key Facts documents within 12 hours)

commitment to plain English



Commitment to plain English

We pride ourselves on our ability to draft complex policy documents in a way that is clear and easy to understand. To ensure we do so we have, in collaboration with the University of Nottingham, undertaken a detailed academic study into the readability of insurance policies. This enables us to understand scientifically the factors that impede understanding and how language can be used to make policies easier to understand. We apply the findings of the study to our work to ensure the documents we draft for our clients are clear and comprehensible.

The main findings from the study are that:

- all policies reviewed required education to at least **A-level** (and in most cases **graduate** or **post-graduate** level) in order to be meaningfully understood;
- policyholders routinely find it difficult to understand what is and what is not covered, when given real-life scenarios (comprehension ranged from between **32% and 66%**); and
- the least readable policy that was tested could only be meaningfully understood by **13.4% of the UK adult population**.

The study firmly indicates that the high reading age of the policies has a material impact upon a policyholder's understanding of the cover.

However, the study also revealed that by applying the drafting methodologies summarised in the report, it is possible to significantly improve the readability of policy wordings and to improve comprehension. For example, it was possible to reduce the reading age of one policy by **10 years** from **doctorate** level to that of a **Year 8 pupil** (i.e. a 12-13 year-old). This increased the percentage of the UK population that could understand the policy by some 75%, **from 13.4% to 89%** (an increase of some **40.4 million** people).

Overall, the study shows that much can be done to improve the readability of policy wordings, and that there are significant benefits available for those insurers that do so.

[Click here to read our full report](#)

For details of how you can benefit from a linguistic analysis of your wordings, please see our [‘linguistic services’ page](#).

our policy drafting product suite



Our policy drafting product suite

The product levels detailed below are designed to provide you with a flavour of the policy drafting services we offer. Each level can be tailored to suit your individual needs.

Level 1 - policy update

- will include all amendments necessary to deal with any specific changes to the law or your risk appetite
- recommended if you are generally comfortable with your current wordings, but changes are required for a specific legal, regulatory or risk issue.

Our recent experience...

We recently updated c.800 scheme policies for a London market insurer to ensure compliance with the Insurance Act 2015. We also reviewed and redrafted over 200 other documents, including Statements of Fact, schedules, precedent policyholder communications, sales scripts and standard policy endorsements. To assist our client with its project management, we have put in place dedicated administration support and set up a specific telephone number and email address for this project.

Level 2 - policy health check

- a full legal and compliance review of wordings, whether drafted by you or others
- where a risk is identified, we will also provide recommendations for amendment
- recommended if you are either concerned about accuracy in existing wordings or where your wordings have been drafted either in-house or by an intermediary and you want cost-effective peace of mind before ‘going live’ with your new policies.

Our recent experience...

We reviewed a suite of media liability wordings that were drafted in-house, prior to launch. We identified a number of legal issues and made suggestions on how those issues could be resolved and how the wordings could be made clearer. As a result of our review, a number of potential gaps in the wording were identified and closed.

Level 3 - full policy drafting service

- policies will be drafted from the ground up in all classes of insurance business, including bespoke policies or schemes, and policies for niche insureds
- recommended if you require new wordings and want complete confidence that the wordings meet the desired intention, but you do not have the necessary experience, expertise or resources to draft the wordings in-house.

Our recent experience...

We drafted a full suite of market-leading marine and engineering wordings for a startup Lloyd's MGA. We worked closely with underwriting managers and claims teams to ensure the wordings provided the specific cover needed.

Level 4 - major projects

We are regularly asked by clients to assist with major wordings projects, such as the launching of new underwriting platforms and new ways of doing business.

- a full legal, compliance and regulatory review of the new processes and procedures
- working closely with key stakeholders in your business, including underwriting managers, compliance and legal teams, as required
- creation of all required documents, including policy wordings, schedules, marketing literature, policy summaries, IPIDs and online and call scripts
- where required, we can also provide project management in conjunction with our policy drafting services.

Our recent experience...

We recently advised a large retail insurer in relation to an overhaul of its commercial policies, including changes to the renewals and new business process for all UK business. We advised on contractual and compliance issues, assisted with mapping out the new business and renewals procedures and drafted all required documents, including new policy wordings, policyholder and broker communications, schedules, statements of facts and all pre-contractual documentation. To assist the client, we also provided project management services, with dedicated project-specific email addresses and phone numbers.

Outsourced endorsement drafting

- provided on a fixed monthly fee or ‘per endorsement’ basis
- fully outsourced endorsement drafting and approval service to ensure the policy meets the underwriters’ intention, fits your existing house style and protects against unwanted risk
- policy endorsements are drafted within strict SLA deadlines
- we will also highlight any legal or compliance issues
- we can also review and maintain or improve your endorsement libraries. If necessary we can work in collaboration with underwriters to create a new library
- we maintain management information so you can easily track and

- identify endorsement trends, and potential underwriter training needs
- recommended if you would like to guard against the risk of inaccurate endorsements, which can lead to costly and unanticipated outcomes, and minimise the time underwriters are diverted away from



underwriting.

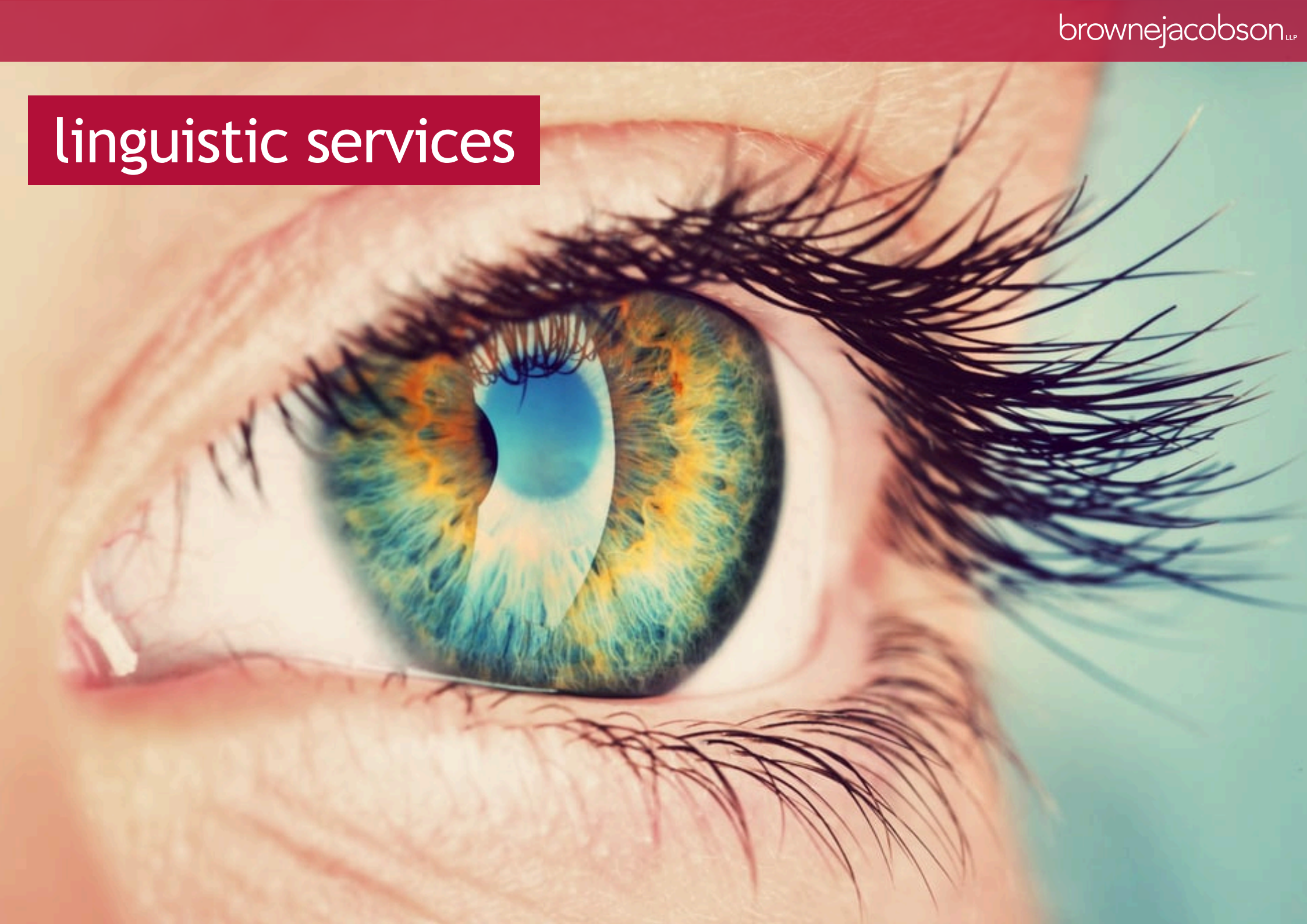
Our recent experience...

We help clients stay up to date with the latest developments. For example, we have been instructed to draft over 100 Insurance Product Information Documents in compliance with the Insurance Distribution Directive, including advising our client on the content and layout of these new documents.

Our recent experience...

we provide an outsourced endorsement drafting service for a leading retail insurer. On a delegated authority basis, we draft and sign-off over 1,500 endorsements per year. Endorsements are signed off within tightly agreed SLA deadlines, with 100% compliance. We also log a significant amount of MI, which is reported back to the client in an agreed format and enables the client to identify any trends and make strategic management decisions.

linguistic services



Our linguistic services

With our arrangements with the University of Nottingham's Linguistic Profiling for Professionals team, we are able to offer linguistic analysis as part of our policy drafting services, including:

- **Readability analysis** - we can arrange for your wordings to be analysed by experienced linguistics researchers, who will analyse the reading age of the document, identify words and sentences that are difficult to understand and make recommendations as to how to make the wording easier to read;
- **Comprehension testing** - in addition to a readability analysis, we can arrange for a questionnaire to be undertaken to assess the extent to which policyholders understand the cover granted by your policyholders. The wording will be sent out to a sample of your target market, together with comprehension questions to test the extent to which they are able to understand the policy;
- **Eye-tracking analysis** - in addition to readability analysis and comprehension testing, we can arrange for your wordings to be read by a sample of your target market whilst using eye-tracking software. This provides a unique insight into how a customer reads a wording and identifies any aspects of the wording that are particularly difficult for a reader to understand.

We are usually able to provide these services for a fixed fee, once we

fully understand the requirements of any particular project.



Our recent experience...

In conjunction with linguistic analysis from the University of Nottingham, we recently redrafted a full suite of personal lines wordings for a leading insurer in order to reduce its reading age, whilst maintaining the same level of cover. We were able to successfully reduce the reading score to 8.6 (i.e. it could be easily understood by an average Year 7 pupil in the UK).

Our recent experience...

Also in conjunction with the University of Nottingham, we recently undertook a legal and linguistic review of a suite of commercial wordings that had been drafted in house. We were able to identify a number of issues, both legal and linguistic, that have resulted in significant improvements to the documents prior to release.

pricing and management information



Pricing and management information

Our approach to pricing is transparent and underpinned by a desire to keep things simple wherever possible. Although we are happy to act on a conventional hourly rate basis, we understand the need for certainty of pricing and we therefore have a range of pricing structures, from simple fixed fees to blended rates, in order to best suit the needs of our clients.

We also understand that value is derived not only from headline hourly rates, but also by the level at which work is undertaken. We have lawyers at all levels in our policy drafting team, including a Trainee Wording Technician. We can therefore ensure work is carried out at the appropriate level, whether that work be the creation of a complex suite of policy wordings, or the making of routine changes to large volumes of policies.

We set out some of our pricing options below, although we are extremely flexible and would be delighted to put together a bespoke package to suit your requirements.

Fixed fee

For specific projects, such as the creation of new policies or undertaking

a health check of existing wordings, we regularly act on the basis of a fixed fee for the project. For larger projects, we are also happy to agree fixed fees, subject to agreeing a clearly defined project scope.

Block purchase

For large scale projects and projects where the scope of work is uncertain, we often act for clients on a block-purchase basis. When we are instructed on this basis, we usually agree a fixed fee for a block of 100 or 200 hours' work, based upon a blended hourly rate. By 'block buying' our time in this way, we are able to offer a competitive blended rate.

Outsourced endorsement drafting service

For clients of our outsourced endorsement drafting service, we can act on a 'per endorsement' or monthly fixed fee basis. Where we act on a monthly fixed fee basis, the fee is calculated by reference to the number of anticipated referrals during the course of the year, meaning you pay the same monthly fee regardless of the number of referrals in any given month, subject to an annual 'collar and cap' arrangement.

'Second class post'

We appreciate that some work is business and time critical, whereas other work is less pressured. We offer reduced fees for work you want to

be undertaken but is not particularly time critical, for example tidying up existing clause libraries or policyholder communications. We are happy to undertake this type of work on a reduced fee basis, as we are able to undertake it when it suits us best during quiet periods.

Full retainer

For clients who know they will require a significant amount of wordings support, we are happy to provide bespoke packages, which incorporate any combination of the above fee structures. Packaging our services together in this way helps us resource the work and enables us to give the best value to our clients. For example, for a fixed annual fee (payable monthly or annually in accordance with the client's preference) we can agree to provide up to a set number of endorsements through our outsourced endorsement drafting service, together with an agreed number of hours of fee-earner time to be used as and when required by you to review and update wordings, draft new products and advise generally on policy drafting matters. For clients who engage us on a full retainer basis, we will set up a bespoke e-mail address and telephone number for that client only, to ensure a consistent point of contact.

Thank you so much for your work on our policy drafting project. You really have gone the extra mile and made a significant financial impact on the business. We could not have completed the work without you.

Head of Technical Wordings, London market insurer

our team

brownejacobson



Our team



Tim Johnson

Partner

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Tim specialises in all aspects of insurance policy drafting, advising insurers in the London and retail markets, Lloyd's syndicates, MGAs, brokers and broker networks. He has previously been seconded to the core wordings group of a London Market insurer, in which capacity he oversaw the development of a number of bespoke scheme wordings and the development of new products. Tim manages major wording projects on behalf of his clients, including recently assisted a retail insurer with the development and launch of its market-leading response to the Insurance Act and the update of its entire document suite in response to the implementation of a new underwriting system. He specialises in the

creation of complex insurance products in a clear and plain English style.



Rachael Davey

Associate

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Rachael has experience in drafting a wide range of policy wordings, with particular experience in management liability, general liability, professional indemnity and medical malpractice. Rachael recently assisted a client with a refresh of its suite of management liability wordings and the development of new general liability wordings.



Katie Carney

Wordings Technician

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Katie prepares policy wordings and associated documents in all classes of insurance business. Katie regularly advises in relation to a wide variety of wordings issues and recently led on the delivery of over 100 IPIDs for a retail insurer client. She is also an expert in project management, in which capacity she assists with the management of complex projects and those involving a significant number of documents, often working in conjunction with our clients' project management and technical teams.



Kayleigh Smith

Trainee Wordings Technician

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Kayleigh assists with the management of our outsource wordings schemes for insurer clients, providing detailed management information tailored to individual insurer needs. Kayleigh monitors our wordings phone lines and bespoke client email accounts to ensure an extremely responsive and personal service to our clients. Kayleigh also assists in final reviews of policy amendments and newly drafted policy wordings to ensure consistency and a high quality end product.

Thank you so much for your work on the project. You really have gone the extra mile and made a significant financial impact on the business. We could not have completed the work without you.

Head of Technical Wordings, London Market Insurer

High quality and very responsive, with leading client service.

James Pilgrim-Morris, Head of Professional Indemnity Claims, Hiscox

Thank you for reading. For more information visit
www.brownejacobson.com